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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON

In re: **ASIF RAZA MALIK and MALZE FAYAZ KHAN,** **Debtors.**	**Case No. 17-00515-FPC11**
BANKERS HEALTHCARE GROUP LLC, **Plaintiff,** **v.** **ASIF RAZA MALIK,** **Defendant.**	**Adversary No. _____________** **COMPLAINT TO DETERMINE THE DISCHARGEABILITY OF A DEBT UNDER 11 U.S.C. § 523**

NOW COMES Bankers Healthcare Group LLC ("BHG"), a creditor and party in interest in the above-referenced bankruptcy proceeding, and files this *Complaint to Determine the Dischargeability of a Debt Under 11 U.S.C. § 523*, in support of which BHG would respectfully show as follows:

I. JURISDICTION AND VENUE

1. This court has jurisdiction over the subject matter of this complaint as a core proceeding under 28 U.S.C. §§ 157(b)(2)(I) and 1334. Venue is proper in this Court under 28 U.S.C. §§ 1408 and 1409.

2. BHG consents to entry of final orders or judgment by the bankruptcy court. *See* FED. R. BANKR. P. 7008.

II. PARTIES

3. Plaintiff is a creditor and party in interest in the above-referenced bankruptcy proceeding and can be served through its undersigned counsel of record.

4. Defendant Asif Raza Malik ("Malik") is an individual who can be served at his residence, 16911 N. Lower Greenbluff Road, Colbert, WA 99005. *See* FED. R. BANKR. P. 7004.

III. BACKGROUND

A. BHG'S LOAN TO CASCADE

5. In May 2016, BHG loaned $550,000.00 to Cascade Health Services, PLLC ("Cascade").

6. In connection with the loan application, Malik made, *inter alia*, the following written representations to BHG:

(a) Cascade had assets totaling $2,500,000.00;

(b) Cascade's liabilities were only $1,110,000.00;

(c) Cascade's net worth was $1,390,000.00;

(d) Malik had assets totaling $1,555,000.00;

(e) Among those assets was Malik's home, which he valued at $1,050,000.00;

(f) Malik's annual personal income was $493,870.00;

(g) Malik's net worth was $1,025,697.24.

(h) Cascade was generating over $1,430,000.00 in annual gross revenue; and

(i) Cascade would use the loan proceeds to expand its medical practice.

7. Malik, Omear Khalid ("Khalid"), Adnan S. Amin ("Amin"), and Osama B. Naseer ("Naseer") personally guaranteed the loan.

8. Despite Cascade's and Malik's purported financial health, both of them filed for bankruptcy protection less than a year later.

9. Malik filed a voluntary chapter 11 petition on February 24, 2017 (the "Petition Date").

10. In his schedules, Malik listed the value of his home at only $581,127.00, in stark contrast to the value he previously provided to BHG.

11. Cascade filed a voluntary chapter 7 petition on April 6, 2017, and the case has been designated as no-asset.

12. Cascade's schedules, which Malik signed, list total property of only $105,242.90, including cash of less than $10,000.00.

13. Upon information and belief, Cascade never underwent the expansion for which the loan was made, and there is no known explanation for the total disappearance of the half-million-dollar loan proceeds.

14. On or about March 16, 2017, BHG filed proof of claim number 6 (the "Claim") in Malik's bankruptcy case based on Malik's personal guaranty.

B. AMIN AND NASEER'S ALLEGATIONS

15. After the Petition Date but before Cascade filed its bankruptcy petition, Amin and Naseer filed a *Complaint and Jury Demand* in the Spokane County Superior Court against, *inter alia*, Cascade and Khalid.

16. In the complaint, Amin and Naseer accuse Malik and Khalid of an ongoing scheme to defraud them.

17. A true and correct copy of the complaint is attached hereto as Exhibit A.

18. In April 2016, Malik and Khalid solicited Amin and Naseer to make an investment, including by personally guarantying a commercial loan.

19. The resulting transaction was the loan from BHG to Cascade, which Amin and Naseer personally guaranteed.

20. Without Amin's and Naseer's personal guaranties, BHG never would have made the loan.

C. POST-BANKRUPTCY ACTIVITIES

21. Malik's propensity not to tell the truth has even continued after the Petition Date.

22. At the § 341 meeting of creditors, it came out that Malik intentionally failed to schedule three significant assets in Pakistan: a home; vacant land; and a bank account containing several thousand dollars.

23. Malik testified that the Pakistan real property assets are conservatively worth more than $200,000.00.

24. Now that he has been caught, Malik has amended his schedules to list the Pakistan assets that, upon information and belief, he previously intended to hide.

IV. CAUSES OF ACTION

COUNT 1: DISCHARGEABILITY UNDER 11 U.S.C. § 523(a)(2)(A)

25. BHG incorporates the foregoing paragraphs as if they were set forth fully here.

26. The loan from BHG to Cascade, which Malik personally guaranteed, was obtained through Malik's fraud.

27. But for his elaborate scheme to defraud Amin and Naseer (and later BHG) and their resulting willingness to guaranty the loan, BHG never would have lent the money.

28. BHG was simply the next and largest victim in Malik's ongoing fraud scheme, which involved repeated, material misrepresentations.

29. Accordingly, the Court should enter a judgment that the Claim is not dischargeable under 11 U.S.C. § 523(a)(2)(A).

COUNT 2: DISCHARGEABILITY UNDER 11 U.S.C. § 523(a)(2)(B)

30. BHG incorporates the foregoing paragraphs as if they were set forth fully here.

31. In connection with the loan application, Malik made materially false representations in writing respecting his and Cascade's financial condition on which BHG reasonably relied, and Malik caused such statements to be published or made with the intent to deceive.

32. If Malik had been truthful, then BHG never would have extended the loan.

33. Accordingly, the Court should enter a judgment that the Claim is not dischargeable under 11 U.S.C. § 523(a)(2)(B).

V. PRAYER

CONSIDERING THE FOREGOING, BHG respectfully requests that the Court enter a judgment in its favor (A) providing that the Claim is not dischargeable under 11 U.S.C. § 523(a)(2); and (B) providing it such other relief to which it is entitled.

Dated May 30, 2017.

Respectfully submitted,

/s/ *Michael John Paukert*

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